

July 9, 2002

Ad grab: Net firm buys DoubleClick unit

Online marketing services company L90 agrees to pay \$5 million in cash and 4.8 million shares for DoubleClick's advertising sales business.

By Gwendolyn Mariano, Staff Writer, News.com

Online marketing services company L90 said Monday that it has signed a deal to acquire DoubleClick's ad sales business. Under the agreement, Los Angeles-based L90 will acquire DoubleClick's North American Media business for \$5 million in cash and 4.8 million shares; it also plans to change its name to MaxWorldwide. DoubleClick said it will be entitled to an additional \$6 million if MaxWorldwide is profitable for two out of three consecutive fiscal quarters over the next three years.

The agreement is DoubleClick's latest move to unload its media services divisions. In January, the online marketing services company phased out its Internet ad-profiling service. That same month, Germany-based AdLink acquired DoubleClick's European media business to expand its digital marketing business.

DoubleClick said Monday's agreement will enable the company to emphasize its products and services for marketing technology and data. DoubleClick Chief Executive Kevin Ryan said that over the last four years, the company's data and technology businesses have constituted the vast majority of its revenue and profits.

"We just felt that...DoubleClick would be better off with 100 percent focus on technology and data and that our media operation would be more successful if it had more scale and therefore combined with another media sales organization," Ryan said. "We really think the combined company will be more successful, and we think DoubleClick, as a result of this, will have more focus than it did before."

Ryan said DoubleClick's media sales division employs some 55 people out of the company's overall staff of 1,300. He said the sales team will become part of MaxWorldwide, but there will be layoffs at the two companies.

For L90, the agreement is part of its ongoing efforts to take a leading position in the direct marketing industry. L90 said the acquisition is a "pivotal moment" in online advertising because all the other players "have run out of gas."

"If you look at this as survival of the fittest, we just got fit," said Mitchell Cannold, newly appointed president and chief executive of MaxWorldwide. "Profitability will be right around the corner. Both entities separately would have taken some time yet to find profitability."

The companies said the transaction is expected to close early this month. MaxWorldwide will be headquartered in New York City. DoubleClick Chairman Kevin O' Connor will join the board of MaxWorldwide, and senior members of DoubleClick Media's management team will join the new company.